



State of North Carolina

Department of Administration

Pat McCrory, Governor

Bill Daughtridge, Jr., Secretary

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North Carolina Seeks Rightful Ownership of the Waters of the Yadkin River

RALEIGH, NC – August 2, 2013

The NC Department of Administration filed a lawsuit in Wake County Superior Court today against Alcoa Power Generating, Inc. (Alcoa Generating). The complaint seeks a declaratory judgment that the navigable portions of the Yadkin River bed are the property of the State of North Carolina. Alcoa Generating has been operating four hydroelectric dams on the Yadkin River which until recently have powered a now-defunct smelting facility that provided jobs to area residents. Those dams rest, in part, upon land owned by the State of North Carolina.

“The Yadkin River is a North Carolina River,” said Governor Pat McCrory. “We should be able to use it for North Carolina water needs and to create North Carolina jobs. The benefits of the Yadkin River belong to North Carolina’s people.”

Today the smelting operations are closed, the plants moved overseas and the electricity produced by the dams is sold on the wholesale market. As of 2006, Alcoa Generating has reaped an average annual net profit after taxes of \$19 million from the dams with no benefit going to North Carolina’s taxpayers.

In 1958, Alcoa Generating was granted a 50-year federal license to operate four hydroelectric dams on the Yadkin River. The building of the dams beginning in the early 20th century was permitted by the State under the expectation of creating high-quality jobs in the aluminum smelting industry for the residents in surrounding counties. In 2004, Alcoa Generating’s parent company began moving jobs overseas seeking lower labor costs, permanently closing Alcoa’s aluminum plant in Stanly County in 2007. Rowan, Davie, Davidson, Montgomery and Stanly county residents were adversely affected by this closure.

Since 2008, Alcoa Generating has sought federal and state relicensing to continue its operation of the Yadkin River dams stating that it is the sole owner of the dam project, therefore claiming that North Carolina does not have an ownership interest in the river bed under its dams. The State argues that the people of North Carolina never granted Alcoa ownership in the Yadkin River bed under its dams, but merely allowed Alcoa to build its dams with the understanding and expectation that Alcoa would use the Yadkin River to develop industry and create high-quality jobs for surrounding counties’ residents. The

State asks the court to find that the Yadkin River bed under the dams is the sole and exclusive property of North Carolina, and therefore, the State owns an interest in the dams.

“We filed suit today on behalf of the people of North Carolina who aren’t receiving a fair deal,” said Bill Daughtride, Secretary of Administration. “The people never gave-away their ownership interest in the Yadkin River. It’s their river and it should be used for their benefit.”

Alcoa Power Generating is a wholly owned subsidiary of Alcoa, Inc.

Last November, Alcoa finalized the sale of its Tapoco Hydroelectric Project in North Carolina and Tennessee, located on the Little Tennessee and Cheoah Rivers, after completing the FERC relicensing process for that project. Alcoa profited by approximately \$600 million from the sale but North Carolina received nothing.

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